



## **SOS Information Management System (SIMS)**

*Business, financial and image processing joined together under one roof.*

### **Why is the new system needed?**

The Secretary of State's Office is currently running on 23 different computer systems – many of which are very old (the Corporate Filing system was developed in 1978), and most of which do not communicate with each other. This means that work is often duplicated and that data entry is not uniform among systems. In addition, there are many different programming languages and hardware types to maintain, and maintenance/operation costs are increasing every year as the hardware becomes more antiquated.

- **Systems up to 30 years old.**
- Corporate Filing runs on 1978 mainframe.
- Costly maintenance.
- Only one company can maintain the system.
- High risk of failure.

### **High Risk of Failure**

Only one remaining vendor is available to service the majority of these antiquated systems, and there is a high risk that many of these systems may fail thus eliminating the lien system that is crucial in these economic times.

### **What will new system accomplish?**

SIMS will give SOS employees one way to do the work that comes in the door. All requests, orders and filings will go through the same steps, including scanning and financial calculations. Paper will no longer have to be moved between people, which will save a considerable amount of resources and time. The system will be able to apply the majority of business rules automatically, so documents will be processed faster.

- **Meet customer service needs of business community.**
- Standard entry.
- Less paper.
- One technology platform.

The technology staff will only have to support one system. Hardware will be modern and set up so that it can grow over time without large and unexpected costs. The new system will be Internet based, so staff will not require any special programs on their machines to run it. Since there will only be one system for the office, staff will be able to move into new positions (or cover for workmates) without having to learn a completely new system.

SIMS will also enhance customer service by integrating the use of email and fax to send and receive documents. Since all data will be in one place, a search will return information about all the interaction a person or business has had with the Office. In addition, customers have flexible payment options – instead of the current requirement to send one check for each filing.

**Montana businesses are eager for these types of modernization improvements.**

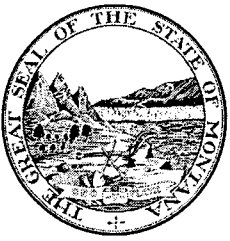
### **Why does the new system cost so much?**

Businesses rely on Information Technology Systems to meet the expectations and demands of their customers. Montana businesses have been asking for modern services, and the current, antiquated SOS systems just cannot deliver.

The SIMS system will not only be required to replace the old systems, but must also perform more work, in less time. The system must provide an exponential increase in access to information and the improved ability to communicate internally and with customers.

- **SIMS is being designed specifically for Montana.**
- New software must comply with current procedures, rules and law.

Although it is costly to replace all of these systems at once, the integration will provide vast business, data and performance returns on the investment.



## **SIMS Benefits to Montana Employers**

*SIMS maintains the integrity, stability and transparency of business data, while allowing for the Secretary of State's Office to greatly enhance its customer service.*

**Small and large businesses can file all documents at once, instead of having to file multiple paper forms. Especially beneficial for:**

- Banks
- Corporations
- Small businesses

**The majority of required forms can be filed online - saving time and money.**

- Minimal filing errors, due to checkpoints in online system.
- Increased approval of submitted forms, due to more accurate filings.
- Reliable and transparent access to personal account information.

**Response times on all services will be greatly improved.**

- More efficient customer service.
- Huge benefit for banks that are filing a lien, or verifying a lien filing.

**SOS can send copies and notices by email or fax right out of the system.**

- No paper waste.
- No postage.
- No unnecessary delays.

**Businesses will be able to view and print copies of their corporate documents as needed, directly off the website.**

**SOS will be able to create customized reports for businesses and municipalities, which can be sent via email or fax.**



## **MONTANA SECRETARY OF STATE**

**LINDA McCULLOCH**

### **Effects of a Computer System Failure on SOS Business Services**

#### **If the current Business Services computer systems failed:**

- Businesses would **NOT** be able to register in the state or file legally required documents.
- Lending organizations would **NOT** be able to submit UCC filings or verify collateral to complete loans.
- Grain elevators and livestock yards would **NOT** receive a listing of current EFS liens needed to complete livestock and agriculture sales.

#### **If the Corporations' Mainframe computer shut down:**

- The Secretary of State's office would **NOT** be able to process the filing needs and requests of any registered business operating in Montana.
- The Secretary of State's office would **NOT** be able to notify businesses of any unfiled forms that are required to be on record with the State of Montana.
  - Business that do not file all required documents may be involuntarily dissolved, an outcome that can be avoided by notifying the business in advance (which is current practice) as many businesses are unaware that they have not filed the appropriate paperwork.
- The public would **NOT** be able to access accurate public information about a registered business operating in Montana.
- Banks would **NOT** be able to verify the existence or standing of a business when considering loan options for that business.

#### **If the Uniform Commercial Code (UCC) system shut down:**

- Banks would **NOT** be able to verify if loan collateral was already subject to a security interest. As a result, financial institutions might be hesitant to provide loans. If inaccurate information is inevitably provided due to faulty and antiquated state technology, a financial institution may unknowingly make risky loans assuming that the collateral has been properly verified.

#### **If the Farm Bill/Effective Financing Statement (EFS) system shut down:**

- Grain elevators and livestock yards across Montana would **NOT** receive a Farm Bill Master List to verify whether a lien from a financial institution exists against the livestock or agricultural product being sold.
- The results could be that grain elevators and livestock yards would be less willing to pay producers for their products.

# **BENNETT** LAW OFFICE P.C.

PO Box 7967 | Missoula, MT 59807 | 866.543.5803

Friday, February 08, 2013

TO: Chairman Rob Cook and Members of the Long Range Planning Appropriations Subcommittee

Re: House Bill 10 which would provide funding for the Montana Secretary of State's Office to replace their antiquated mainframe

Chairman Cook,

I am writing as a customer and friend of the Business Services Division of the Secretary of State's Office to encourage you to support House Bill 10, so that the Montana Secretary of State's Office receives the funding it badly needs to complete replacing its current mainframe computer. Phase I of the system is scheduled to go live this spring. The next phases for development are scheduled, and a vendor contract and development plan is in place and ready to implement. These next steps cannot begin until funding is available.

My firm currently serves as the registered agent for approximately 7,000 business entities that do business in Montana, so I interact with the office on a daily basis. While the office does a great job, it could and should offer more services via the internet, and should become a more modern office.

Completing the new computer system would modernize Montana's Secretary of State's office so that it can better serve the needs of Montana businesses, such as my law firm, and my law firm's clients.

Much of the Secretary of State's office computer system has run off of a 1978 mainframe. The hardware is extremely expensive and time consuming to maintain. Were the mainframe to crash, businesses across Montana would be adversely affected due to delayed and/or limited service. In today's economy, businesses cannot afford interruptions or delays due to grossly antiquated technology.

For customers who file several forms on behalf of multiple businesses, the new computer system will save considerable time and money – allowing for bulk payments and bulk filings. Currently, each filing has to be submitted separately, with a separate payment for each individual filing.

Rather than printing and sending every notice by U.S. mail, the new system will integrate the use of email and fax to send and receive documents. This will help notify individuals faster about any action affecting their business.

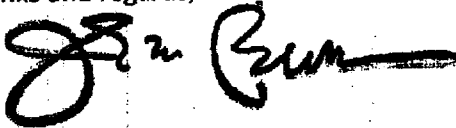
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The new system will integrate all actions of the business services within the Secretary of State's Office (corporate filings, UCC filings, etc). Because the data will be in one place, a search will return information about all of the interactions a person or business has had with the Office.

Please don't hesitate to contact me if you have any questions, comments or concerns.

Thanks and regards,



John M. Bennett



**MONTANA  
BANKERS  
ASSOCIATION**

Leadership & Advocacy Since 1904

February 11, 2013

The Honorable Rob Cook  
Chairman  
House Appropriations Committee  
Montana State Capitol  
Helena, MT 59620

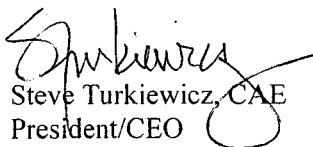
Dear Chairman Cook:

The member banks of the Montana Bankers Association urges the Appropriations Committee's support for the Montana Secretary of State Office's House Bill 10 appropriation implementing the next phase modernizing the Office's information management system. Our member banks depend on the vital services provided by the Office to meet the financial services needs the State's citizens, businesses and communities.

Both bankers and borrowers, whether main street businesses, ranchers or farmers, depend on the accurate, efficient, and timely filing of the broad range of security interests and liens that are an integral part of today's robust business activities. The first phase of the Office's implementation of an internet based system for business records, liens and security interests is scheduled to go live in a few months.

The implementation of a safe, secure and web-based system is needed to keep pace with the State's economic activity. With Phase 1 ready for implementation and the next phases can to be scheduled for development, we ask that the House Bill 10 appropriation receive a, "do pass."

Respectfully,

  
Steve Turkiewicz, CAE  
President/CEO



## Montana Chamber of Commerce – *your business advocate*

February 11, 2013

Chair Cook and other Members of the Long Range Planning Appropriations Subcommittee,

The Montana Chamber of Commerce supports HB 10, appropriating funds for Phase II of the Information Management System in the office of the Secretary of State. I regret I cannot attend in person to testify.

As the States' leading business advocate, we rely heavily on the Secretary of State's office for a variety of business information and registration needs. The technology to meet those needs is in sad shape. We have supported past efforts to upgrade that technology.

Phase I of that upgrade system is scheduled to go live this Spring. Next phases are ready to be scheduled for development when funding is available and the vendor contract and development plan is in place and ready to implement.

We urge you to continue the modernization of the office of Secretary of State and support the funding included in HB10.

I appreciate your time, attention, and consideration. I would also be happy to provide further comment and/or answer any questions.

Sincerely,

Webb Scott Brown  
President/CEO